

SENATE BILL NO. 1380

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Labor and Commerce

on _____)

(Patron Prior to Substitute--Senator Lucas)

A BILL to amend and reenact § 58.1-3660 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 56-585.1:13, relating to electric utilities; electric school bus projects; report.

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3660 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 56-585.1:13 as follows:

§ 56-585.1:13. Development of electric school bus projects; report.**A. As used in this section:**

"Electric school bus" means a school bus, as defined in § 46.2-100, that is powered by an electric motor drawing current from rechargeable storage batteries that are recharged with electric energy from an electric vehicle charging station.

"Electric school bus project" means a project conducted by a utility in partnership with a participating school division for the use of electric school buses, along with associated charging stations and other infrastructure, for the purpose of transporting students of any public school division within the Commonwealth and that may also serve as an electric grid stabilization or peak-shaving resource.

"Incremental costs of purchasing and deploying electric school buses" means the amount by which the costs of purchasing and deploying electric school buses, including the costs of associated electric school bus charging infrastructure, exceeds the costs of purchasing and deploying diesel school buses.

"Participating school division" means a school division within a utility's service territory that participates in an electric school bus project pursuant to an agreement between its school board and the utility.

27 "Phase II utility" means an investor-owned incumbent electric utility that was, as of July 1, 1999,
28 bound by a rate case settlement adopted by the Commission that extended in its application beyond
29 January 1, 2002.

30 "Program costs" means the incremental costs of purchasing and deploying electric school buses to
31 participating school divisions, including associated administrative and operating costs, that are incurred
32 by a Phase II utility pursuant to this section.

33 "Utility" means a Phase II utility.

34 B. Any electric school bus project and its corresponding agreement shall meet the following
35 requirements:

36 1. Any electric school buses associated with an electric school bus project shall be procured
37 pursuant to a competitive solicitation process conducted by the utility in consultation with the Department
38 of Education and the Department of General Services;

39 2. Any electric school bus shall be equipped with lap and shoulder belts in accordance with
40 recommendations from the National Transportation Safety Board;

41 3. A utility shall limit the total number of electric school buses entering the project to no more than
42 an average of 250 electric school buses in each calendar year, and no more than 1,250 electric school
43 buses in total shall participate in such project;

44 4. Consideration shall be given to the locational benefits that the electric school buses' storage
45 batteries are expected to contribute to the utility's electric grid;

46 5. Electric school buses shall be titled with the name of the participating school division as the
47 primary owner; however, the utility shall own the storage batteries and associated charging stations and
48 related infrastructure used in the electric school buses;

49 6. The participating school division shall be compensated for use of an electric school bus battery
50 as an electric grid stabilization or peak-shaving resource when such use compromises the participating
51 school division's ability to transport its students either due to bus unavailability or insufficient charge;

52 7. Any electric energy from an electric school bus that is utilized by a utility in connection with
53 grid stability aspects of such a project shall be replaced at no cost to the participating school division;

8. No participating school division shall be required to pay a utility for the cost associated with the installation, operation, and maintenance of charging stations or other infrastructure or equipment; and

9. A participating school division shall be responsible for the operation and maintenance of any electric school bus used pursuant to such program, and a participating school division may retain any expense savings, including fuel cost savings, that it achieves in connection with such program.

C. Any electric school bus project meeting the requirements of this section (i) is in the public interest and (ii) provided that it meets the requirements of subdivision E of 56-585.5, shall qualify as an energy storage project pursuant to § 56-585.5. If any revenues are generated from the leasing of utility-owned electric school buses or associated charging stations or other infrastructure to a school board, such revenues shall be applied by the utility to offset the costs of the related equipment.

D. Nothing in this section shall authorize a utility to directly engage in student transportation. A participating utility shall not incur any liability for civil damages arising out of acts or omissions related to the operation or maintenance of an electric school bus included in a program conducted pursuant to this section.

E. Any utility that participates in an electric school bus project shall report annually on the status of its participating in such program to the Governor, the Commission, and the Chairs of the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor.

F. Each utility that elects to operate an electric school bus project shall be entitled to recover all reasonable and prudent program costs and shall petition the Commission for the recovery of such costs pursuant to subsection D of § 56-585.5.

G. Each utility shall be required, in building the charging stations and other infrastructure pursuant to this section, and in maintenance thereof, to (i) pay the local prevailing wage rate as determined by the U.S. Secretary of Labor under the provisions of the federal Davis-Bacon Act, 40 U.S.C § 276 et seq., as amended, to each laborer, workman, electrician, and mechanic the utility employs for the project; (ii) participate in apprenticeship programs that have been certified by the Department of Labor and Industry or the U.S. Department of Labor; (iii) establish preferences for hiring veterans, as that term is defined in § 2.2-2000.1, local workers, women, and workers from historically economically disadvantaged

communities for work performed; and (iv) require that the provisions of clauses (i), (ii), and (iii) be included in every subcontract so that the provisions will be binding upon each subcontractor.

§ 58.1-3660. Certified pollution control equipment and facilities.

A. Certified pollution control equipment and facilities, as defined herein, are hereby declared to be a separate class of property and shall constitute a classification for local taxation separate from other such classification of real or personal property and such property. Certified pollution control equipment and facilities shall be exempt from state and local taxation pursuant to Article X, Section 6 (d) of the Constitution of Virginia.

B. As used in this section:

"Certified pollution control equipment and facilities" means any property, including real or personal property, equipment, facilities, or devices, used primarily for the purpose of abating or preventing pollution of the atmosphere or waters of the Commonwealth and which the state certifying authority having jurisdiction with respect to such property has certified to the Department of Taxation as having been constructed, reconstructed, erected, or acquired in conformity with the state program or requirements for abatement or control of water or atmospheric pollution or contamination, except that in the case of equipment, facilities, devices, or other property intended for use by any political subdivision in conjunction with the operation of its water, wastewater, stormwater, or solid waste management facilities or systems, including property that may be financed pursuant to Chapter 22 (§ 62.1-224 et seq.) of Title 62.1, the state certifying authority having jurisdiction with respect to such property shall, upon the request of the political subdivision, make such certification prospectively for property to be constructed, reconstructed, erected, or acquired for such purposes. Such property shall include, but is not limited to, any equipment used to grind, chip, or mulch trees, tree stumps, underbrush, and other vegetative cover for reuse as mulch, compost, landfill gas, synthetic or natural gas recovered from waste or other fuel, and equipment used in collecting, processing, and distributing, or generating electricity from, landfill gas or synthetic or natural gas recovered from waste, whether or not such property has been certified to the Department of Taxation by a state certifying authority. Such property shall also include solar energy equipment, facilities, or devices owned or operated by a business that collect, generate, transfer, or store

thermal or electric energy whether or not such property has been certified to the Department of Taxation by a state certifying authority. Such property shall also include electric school buses and associated charging and other infrastructure that is related or incidental to an electric school bus project authorized pursuant to § 56-585.1:13. All such property as described in this definition shall not include the land on which such equipment or facilities are located.

"State certifying authority" means the State Water Control Board or the Virginia Department of Health, for water pollution; the State Air Pollution Control Board, for air pollution; the Department of Mines, Minerals and Energy, for solar energy projects and for coal, oil, and gas production, including gas, natural gas, and coalbed methane gas; and the Virginia Waste Management Board, for waste disposal facilities, natural gas recovered from waste facilities, and landfill gas production facilities, and shall include any interstate agency authorized to act in place of a certifying authority of the Commonwealth.

C. For solar photovoltaic (electric energy) systems, this exemption applies only to (i) projects equaling 20 megawatts or less, as measured in alternating current (AC) generation capacity, for which an initial interconnection request form has been filed with an electric utility or a regional transmission organization on or before December 31, 2018; (ii) projects equaling 20 megawatts or less, as measured in alternating current (AC) generation capacity, that serve any of the public institutions of higher education listed in § 23.1-100 or any private college as defined in § 23.1-105; (iii) 80 percent of the assessed value of projects for which an initial interconnection request form has been filed with an electric utility or a regional transmission organization (a) between January 1, 2015, and June 30, 2018, for projects greater than 20 megawatts or (b) on or after July 1, 2018, for projects greater than 20 megawatts and less than 150 megawatts, as measured in alternating current (AC) generation capacity, and that are first in service on or after January 1, 2017; (iv) projects equaling five megawatts or less, as measured in alternating current (AC) generation capacity, for which an initial interconnection request form has been filed with an electric utility or a regional transmission organization on or after January 1, 2019; and (v) 80 percent of the assessed value of all other projects equaling more than five megawatts and less than 150 megawatts, as measured in alternating current (AC) generation capacity for which an initial interconnection request form has been filed with an electric utility or a regional transmission organization on or after January 1, 2019.

Such property shall also include solar photovoltaic (electric energy) charging stations and other infrastructure that is related or incidental to an electric school bus project authorized pursuant to § 56-585.1:13.

D. The exemption for solar photovoltaic (electric energy) projects greater than five megawatts, as measured in alternating current (AC) generation capacity, shall not apply to any such project unless an application has been filed with the locality for the project before July 1, 2030, regardless of whether a locality assesses a revenue share on such project pursuant to the provisions of § 58.1-2636. If a locality adopts an energy revenue share ordinance under § 58.1-2636, the exemption for solar photovoltaic (electric energy) projects greater than five megawatts, as measured in alternating current (AC) generation capacity, shall be 100 percent of the assessed value. If a locality does not adopt an energy revenue share ordinance under § 58.1-2636, the exemption for solar photovoltaic (electric energy) projects greater than five megawatts, as measured in alternating current (AC) generation capacity, for which an initial interconnection request form has been filed with an electric utility or a regional transmission organization, shall be 80 percent of the assessed value when an application has been filed with the locality prior to July 1, 2030. For purposes of this subsection, "application has been filed with the locality" means an applicant has filed an application for a zoning confirmation from the locality for a by-right use or an application for land use approval under the locality's zoning ordinance to include an application for a conditional use permit, special use permit, special exception, or other application as set out in the locality's zoning ordinance.

E. For pollution control equipment and facilities certified by the Virginia Department of Health, this exemption applies only to onsite sewage systems that serve 10 or more households, use nitrogen-reducing processes and technology, and are constructed, wholly or partially, with public funds.

F. Notwithstanding any provision to the contrary, for any solar photovoltaic project described in clauses (iii) and (v) of subsection C for which an initial interconnection request form has been filed with an electric utility or a regional transmission organization on or after January 1, 2019, the amount of the exemption shall be as follows: 80 percent of the assessed value in the first five years in service after

161 commencement of commercial operation, 70 percent of the assessed value in the second five years in
162 service, and 60 percent of the assessed value for all remaining years in service.

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